(c) whether Government is having any plan for providing cost effective changes in the engines; and

(d) if so, the details thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) Use of Compressed Natural Gas (CNG) is being encouraged as environment-friendly fuel for private as well as commercial vehicles. At present, CNG is being supplied in a big way in Delhi and Mumbai, where 133 and 109 CNG outlets respectively have been set up, which are catering to the fuel requirements of more than 94,000 and 1,54,000 vehicles respectively. Some CNG outlets have also been opened up in Noida in U.P., Vijayawada in Andhra Pradesh and some cities in Gujarat. Subject to availability of natural gas and necessary infrastructure, CNG is proposed to be introduced in various cities in the country in a phased manner.

(c) and (d) CNG conversion kits are available in the market for retrofitment of petrol and diesel vehicles to CNG. These kits are type approved by Automotive Research Association of India (ARAI)-PuneA/ehicles Research and Development Establishment (VRDE)-Ahmednagar. At present, there are about 6 makes of CNG kits approved for CNG conversion of LMVs and about 6 makes for 3 wheelers. About 9 CNG kits are also available for CNG conversion of LCVs and MCVs. CNG supply companies have been interacting with CNG kit suppliers/retrofitters/workshops with a view to increasing the availability of CNG kits. With the increase in availability of approved kits in the market, the cost of CNG conversion is likely to come down.

Fixation of Gas prices

†*235. SHRI RAM JETHMALANI;
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that certain norms have been prescribed for fixation of selling price of gas in the country; if so, the details thereof;

---

†Original notice of the question was received in Hindi.

(b) the ratio of profit fixed on production of gas for gas producing companies;

(c) whether it is also a fact that different gas producers sell gas at different rates to the gas consumers in the country; and

(d) if so, the reasons therefor?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a), (c) and (d) As per the extant policy for allocation and pricing of natural gas, effective from 1.7.2005, the consumer price of gas produced by ONGC and OIL from existing fields given to them on a nomination basis (APM gas) is Rs. 3,200 per thousand cubic metre exclusive of royalty, taxes and levies and transmission charges.

The power and fertilizer sectors are critical to the economic development of the country and the output price of these sectors is either controlled or regulated by the Central and State Governments. Therefore, these Governments have to bear the burden of large subsidies in these sectors. Under court order, commitments have to be made to specific end users. Small scale consumers having allocations upto 0.05 million standard cubic metres per day (MMSCMD) are also given priority in gas supply. Accordingly, it has been decided in the public interest that all available APM gas would be supplied to only power and fertilizer sector consumers against their existing allocations, in addition to the specific end users committed under Court orders and small-scale consumers having allocations upto 0.05 MMSCMD. However, the gas price for transport sector (CNG), Agra-Ferozabad small industries, and other small scale consumers, with allocations upto 0.05 MMSCMD, would be progressively increased over the next 3 to 5 years to reflect the market price.

The price of gas for consumers other than those stated above is market related.

(b) Under the Production Sharing Contract (PSC) regime, the company(ies) invest risk capital in a block for exploration of hydrocarbons. In case any commercial hydrocarbon discovery is made in the block, the contractor is required to share profit petroleum (which is determined after deducting eligible costs from revenues in accordance with the

provisions of the respective PSCs), based on either the Investment Multiple (IM) achieved under the PSC or in some cases on Post Tax Rate of Return (PTRR). The ratio or share of profit petroleum at various levels of IM is specified in the respective PSCs, and fixed on the basis of international competitive bidding at the time of award of the block.

The Government share increases progressively as the IM increases. IM is calculated on a cumulative basis and is a ratio of net revenue to investment (where investment includes all exploration costs and development costs).

Allocation of kerosene to Jammu and Kashmir

*236. SHRI T.S. BAJWA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that supply of kerosene oil has been reduced for Jammu and Kashmir;

(b) if so, the reasons therefor; and

(c) how Government propose to meet the demand of public?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) As per the policy adopted by the Government of lnd;a, the Kerosene allocation for distribution under Public Distribution System (PDS) to various States/Union Territories including Jammu and Kashmir was reduced every year beginning 2001-02 and till 2004-05, taking into account the number of LPG connections released in each of the States/ Union Territories.

In view of the requests received from various State Governments for increasing the allocation, the Government of India have commissioned the first ever detailed study of Kerosene demand in the country, through the National Council of Applied Economic Research (NCAER) in December, 2004. The final report of NCAER is expected by September, 2005.

Pending the report of NCAER, and taking a view thereupon, allocations have been maintained for the year 2005-06, at the level of 2004-05, including additional allocations made during that year to meet emergency/urgent demands for PDS Kerosene in States/Union Territories. The decision about rationalizing the allocation of PDS kerosene among States/Union Territories would be taken after examining the NCAER report.